

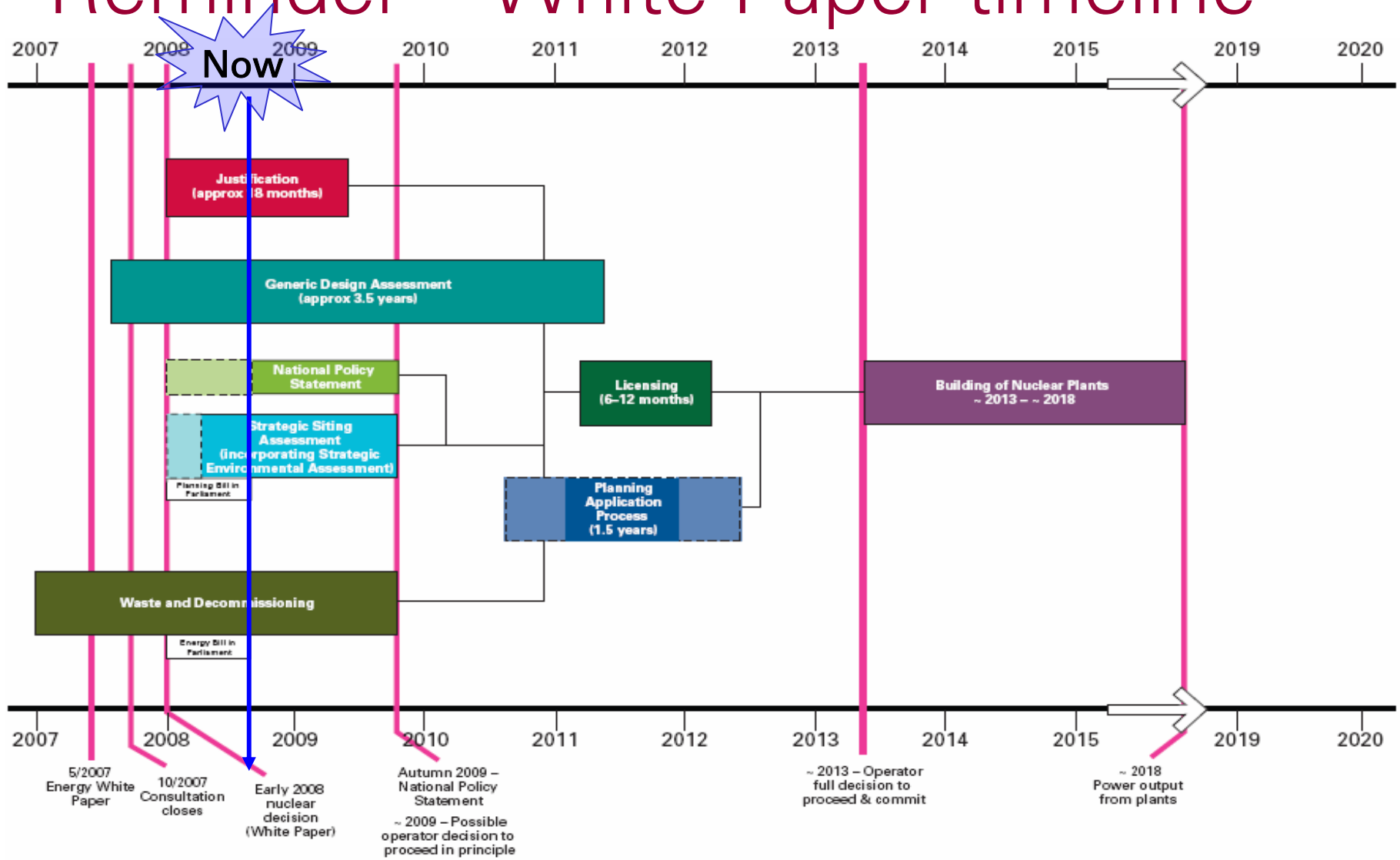
NEW NUCLEAR: SITUATION REPORT

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Overview

- Creating the Office for Nuclear Development
- Key issues
 - Stone Regulatory Review
 - BE, NDA and Sites
- Facilitative actions
 - Siting (SSA and Planning)
 - Generic Design Assessment
 - Waste and Decommissioning financing
 - Justification
- Supply chain and Skills
- Moving forward and conclusion

Reminder – White Paper timeline



Office for Nuclear Development

- **Mission Statement:**
 - To facilitate new nuclear investment in the UK;
 - To advise the Secretary of State on the exercise of his regulatory and policy functions in relation to the nuclear industry.

Structure of the Office for Nuclear Development

- The Office for Nuclear Development (OND) sits within the Energy Group at BERR.
- We intend to appoint a non-executive Chair of the OND.
- The OND has staff drawn from both the civil service and from industry, bringing together the relevant Government teams and resources to achieve its objectives.
- The OND also has responsibility for policy on nuclear safety, security and non-proliferation

Key risks and mitigations

Risk	Mitigation
NII inspectors	Stone review
Siting availability	BE/NDA and SSA
Legal challenge	Vigilance
Other countries more attractive	Facilitative actions
HMG commitment	SoS's statements/OND
Supply chain capacity	Vigilance and addressing blockages

Stone Regulatory Review

- Tim Stone announced initial findings and next steps in June, covering issues such as:
 - Inspectors remuneration
 - Location
 - Working with international regulators/other support
- Taking forward work to implement recommendations
- Resolving Inspectors' remuneration is a priority
- Also considering longer term future

BE, NDA and Sites

- BE is in discussions with EdF over potential takeover of the company.
- NDA announced on 10 September an initial tranche of land sales at Wylfa, Oldbury and Bradwell, with an announcement on Sellafield to follow later.
- NDA engagement with interested parties.

Siting (SSA)

- Launched 16 week consultation 22 July 2008
- 3 stakeholder events held
- Significant industry, regional and NGO interest
- Key issues raised to date:
 - Information to be provided in support of SSA nomination
 - Local engagement process and overlapping nominations
 - Process to assess nominations

Planning

- SSA criteria and list of sites provides one important element of the Nuclear National Policy Statement
- Likely to consult on list of sites as part of draft Nuclear National Policy Statement mid 2009
- Current plans to designate Nuclear NPS late 2009/early 2010
- Planning Bill about to enter Lords Committee stage - Royal Assent in this session

Generic Design Assessment

- Phase 2 was launched in June 2008
- The regulators have begun their assessments of vendors' submissions.
 - Dialogue with vendors to assess gaps in information
- There is continuing close working with international regulators.
- The process to appoint technical support organisations is progressing.

Waste and Decommissioning financing

- Government response to FDP consultation is published today. It concludes that draft guidance was along right lines.
- Responses showed great interest in our cost estimates and the methodology for setting a fixed unit price. Crucial we get these right. Hence we will be consulting further on these before they are finalised.
- Planning informal discussions over the autumn, formal consultation early 2009, before finalising arrangements by summer 2009.
- Energy Bill expected to resume with Report stage late October, Royal Assent - winter 2008.

Waste and Decommissioning - MRWS

- MRWS White Paper launched in June 2008, setting out framework for implementing geological waste disposal and opening the call for volunteer host communities. This followed the extensive work of CoRWM and the subsequent public consultation on implementation.
- Defra and OND leading jointly on engagement with potential volunteer communities alongside the NDA as implementing body.
- We already have one formal “Expression of Interest” from Copeland and are taking forward discussions.

Justification

- Received application from NIA. We are considering the application and expect to request additional information prior to public consultation on application.
- Taking time to consider technical issues in relation to the proposed process.
- We expect this work to take a few more weeks, but it is essential to clarify a number of issues and ensure that our assessment is full, rigorous and robust

Supply chain

- The global revival in nuclear power provides a major opportunity for the UK supply chain, including in the construction, operation and decommissioning of new nuclear power stations.
- The Manufacturing Strategy, published on 8 September, will take forward nuclear supply chain work.
- The OND will work with the supply chain and nuclear reactor vendors and operators to help create and support a globally competitive UK supply chain, focusing on high value added.
- Report on the UK nuclear supply chain produced by the National Metals Technology Centre (NAMTEC) which reviews the strengths and weaknesses of the supply chain.
- Programme of regional & sectoral initiatives to be developed aimed at improving capability of UK supply chain – NIA lead with OND, RDAs, UKTI and others.

Skills

- The Nuclear White Paper concluded that the nuclear and other energy sectors faced a challenge in meeting the need for skilled workers to support the construction of new nuclear power stations
- The Office for Nuclear Development will work with skills bodies, employers, universities and colleges to help identify skills shortages and gaps so we can deliver learning, research and training at every level of our education system.

Moving forward

- What is the OND going to do that's different to what we did before?
 - Proactive role to facilitate new nuclear
 - Scope – e.g. supply chain and skills
 - One stop shop across Government, e.g. close joint working with Defra colleagues
 - Expertise from industry secondees
- In addition, the OND will face greater challenge and accountability through the non-executive Chair and the NDF.

Issues for next 4 months

- The next NDF meeting will be held in early 2009.
- Milestones ahead
 - Discussions on waste and decommissioning cost estimates and methodology for setting a fixed unit price.
 - Conclusion of the SSA consultation and stakeholder engagement on process and communications.
 - BE and NDA sites process.
 - New NII recruitment campaign.
 - Preparation of our integrated plan for discussion at next meeting in 2009.
 - Development of work programme on supply chain and skills.

Conclusions

- Our promise to industry
 - Tackling blockages
 - Legally robust
 - One stop shop
 - Track record for delivery
- To deliver this we are seeking the NDF's help in:
 - Identifying barriers to investment in new build
 - Holding the OND to account for delivering on its objectives